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SELECT COMMITTEE ON TRADE

MINORITY REPORT

-BOB LEVY, M.L.A. KINGS SOUTH
NEW DEMOCRAT

"Don't talk to me about free trade. That issue was decided in 1911. Free Trade is a danger to Canadian sovereignty. You'll hear no more of it from me."

-Brian Mulroney, 1983

"The Canadians don't understand what they have signed. In 20 years, they will be sucked into the US economy."

-Clayton Yeutter
US Trade Representative
October 1987

Neither the contents of the Mulroney/Reagan trade deal nor the indecent haste with which it is being pursued are in Canada's or, in particular, Nova Scotia's best interests. The promise of thousands of new jobs in Nova Scotia has been totally unsubstantiated by any hard evidence . We have yet to hear what adjustment or restraining programs will be offered or permitted under the deal, and in fact the ominous silence of the federal cabinet on this point has been broken only by contradictory statements from Michael Wilson and Brian Mulroney.

There is compelling evidence that our regional and social programs will be imperilled in the long run by this agreement. There is no evidence before this committee or, to my knowledge, available to the public that there will be any significant benefit to consumers; indeed if prices do drop as a result, it will be both at the expense of Canadian businesses and offset by a corresponding drop in wages. The United States has achieved virtually unfettered access to Canadian resources and all but the complete removal of any barriers or scrutiny of the buy out of our Canadian businesses.

All of this was done without obtaining either of the two stated goals in these negotiations of secure access to markets and a binding or even satisfactory disputes settlement mechanism. Not only that but the Mulroney government has no mandate whatever from the people to sign this deal nor are the people being given a reasonable period of time to analyze and debate the specific terms of the deal. The January 2nd deadline is an American creation and the short length of time between the release of the text and the signing of the agreement is an affront of the worst kind to the Canadian people.

The Committee heard evidence of some 400 jobs that may possibly be created by National Sea Products. Several other business lobbyists urged upon us that this deal would open up new opportunities for business and jobs. There was, to put it bluntly, a dearth of facts and virtually no solid evidence to back up most of these claims. We are never told exactly what "market niches" there were, how many jobs and at what level of wages. So far, the Committee has only a hope and a prayer these jobs will materialize.

On the contrary, the committee heard overwhelming evidence from the vast majority of presenters of potential or probable job losses running in the many thousands. While it is all a matter of crystal ball gazing at this point, no matter which side you're on, I have no difficulty in concluding that the evidence and foundation for believing in net job losses was far better documented and supported than that of those predicting job gains.

Those who speak in favour of the deal, or many of them at least, argue that we don't have a choice anyway, that we either accept this deal or suffer ruin in the face of U.S. protectionism. Superficially, that argument appears to have merit.

But one can rightly respond by questioning, certainly at this point, whether this deal in fact exempts us from that protectionist tide anyway. The answer is surely not. Regional and social programs are still subject to countervail action and the U.S. Omnibus Trade Bill does not, even at this stage, exempt Canada. Indeed the bill expands the U.S. definition of subsidies. Assuming for a minute that this protectionist wave in the U.S., unlike all past protectionist

moves by the U.S., is permanent, there is absolutely nothing in this deal that prevents the U.S. from harassing Nova Scotian goods and services using all existing or any new U.S. law. The committee did not hear any evidence whatsoever that can lead one to conclude that U.S. protectionism cannot continue, even at an increased level with this deal. Nova Scotians would do well to remember that our heavy dependence on regional development programs make us particularly vulnerable to U.S. action and in this respect this deal changes nothing.

The second response that can and must be made to those who argue we have no choice but to accept this deal was made by a number of presenters. That is that we have, with respect to trade, the option to pursue sector by sector negotiations with the United States rather than such a comprehensive deal, or the option to pursue bilateral trade with equal determination with other countries, or to pursue multilateral trade liberalization through the next G.A.T.T. round in Uruguay. Equally an option is to develop in Canada enchanced trade among the provinces and a development strategy based on full utilization and processing here of our resources and strong community based economic enterprise.

In short, this trade deal is not an either/or option of either accepting it or facing ruin.

Indeed the committee heard repeatedly of the danger of becoming even more dependent on the U.S. It was argued that the relative difference in size of market and economy makes it probable that most important decisions will be of necessity made in the United States.

The committee heard of our distance from markets, of the likelihood of concentration of production in U.S. plants, of certain economic and geographic disadvantages we face, of debt to equity ratios of businesses in Atlantic Canada being double the U.S., all of which should temper considerably our enthusiasm for open borders.

But, given our admitted disadvantages, such as energy and transportation costs, debt to equity ratios, higher taxes and so on, can there be any doubt this will put considerable downward pressure on wages and benefits as Nova Scotia businesses seek "a level playing field"? In that case, why should ordinary working people look forward to a deal that will not only imperil many thousands of jobs but, in all likelihood, result in lower wages and benefits for the remaining jobs? Would that not be especially true if the U.S. dollar continues its slide and the Canadian dollar climbs again against that of the U.S.? Just how exactly will Nova Scotia business compete against the southern United States with massive unemployment and no minimum wages or indeed from "U.S." goods produced in Mexico?

Indeed if "free trade" with the U.S. was so great, how is it that most Nova Scotians already enjoy a standard of living equal to or greater than states like Maine, Louisiana, Mississippi or North Dakota?

Ultimately, the worst feature of this agreement is not only that it achieved so little at such a great cost, but that we have surrendered our power to make decisions not only to the dictates of the marketplace but to the dictates of a foreign marketplace.

It is not being too timid a soul to recognize that the chance of a nation of 25 million imposing its will on or even being able to sustain it within our own borders in the face of the strength of a nation of 250 million, is to say the least improbable.

Such a lopsided marketplace cannot help but threaten in a very real way Canadian independence. Independence is not some useless and obscure concept but rather it means simply our ability to make our own decisions in our own interests in our own manner and at a time of our own choosing. By giving away all but unfettered access to all our resources and removing our ability to screen foreign investments to determine if it fits our interests, we will as a nation be forever servants in our own home. There is more at stake than idle nationalistic pride; what will suffer in fact is nothing less than our ability to control our own destiny.

The deal is not yet signed and already Canadians have had at least two dramatic examples of how Canadian policies will be changed to placate or harmonize with U.S. policy. First, was the Drug Patent Legislation, an appeasement by Canada to the United States. Secondly, as recently as this month, Finance Minister Wilson in dramatically flattening the progressivity of the income tax rate, in particular in chopping the rate for high income earners, openly stated that much of his reasoning was the new "free" trade deal. It is abundantly clear that these are but the start of the restructuring of Canadian laws to harmonize with U.S. practise. Over time, if the trend continues, Canada will implement or keep no important policy that isn't mirrored in the U.S.

In short, this particular deal is neither our only option nor our best option. It is an overreaction, a panic response to threats of U.S. protectionism. It is a bad deal, negotiated out of weakness by an incompetent federal government oblivious to its implications and desperate to find some way to restore its sagging political fortunes. For Nova Scotia, it means not only the loss of many thousands of jobs. It means the loss of our ability to compensate for those lost jobs, due to abandonment of control over resources and of our government's effective ability to make decisions.

At a very early stage in the negotiation of the Mulroney-Reagan Trade Deal, my New Democrat colleagues and I felt that the negotiation strategy was ill-conceived and unredeemably flawed. Nevertheless, as elected representatives, we felt it our responsibility to press the Buchanan government and the Select Committee on Trade Negotiations to solict the views of the widest possible cross-section of Nova Scotians on the trade deal. In a limited sense, we take satisfaction in the fact that the government compelled to yield to the public's wishes and our urgings that ordinary Nova Scotians be heard, although the refusal of the Select Committee to hold hearings outside of the Halifax metro area should be recorded as another of its failings.

In a more fundamental sense, we are dismayed and entirely dissatisfied, however, that the government members have all

but ignored the overwhelming concensus of those who presented documented evidence for their positions that, on balance, the Mulroney-Reagan trade deal is not a good deal for Nova Scotians. Instead of reflecting the views of the majority of presenters by taking a stand against the proposed deal, the government-controlled Select Committee has failed to provide the leadership, vision, and courage so desperately needed at this time to secure our economic future.

If the government of Nova Scotia had spoken out early and firmly, Mulroney could possibly have been deterred. If the Committee had chosen even at this late hour to reflect the views of those who appeared before it, Nova Scotia might have been able to make a difference.

The real tragedy of the Buchanan government inaction and the Select Committee's fence-sitting is that we will never really know for certain whether we could have had a real impact on behalf of Nova Scotians because we won't have ever tried in any serious or convincing way.

When it became apparent that the Select Committee was offering up an eleventh hour whimper on a topic as vital as Nova Scotia's future, I felt I could not in good conscience sign the Select Committee's report.

It is, in my view, a rushed, superficial and incomplete analysis, with a pro-forma set of recommendations that by their predictability and blandness lack decisiveness or impact.

For that reason, I have felt compelled to file this minority report with the Speaker. It has been my view, publicly expressed many months ago, that in the final analysis this vitally important matter demanded further detailed study and debate over a reasonable period of time. And ultimately, a vote by an informed electorate. That remains my view today, strengthened and reinforced by the vast majority of those Nova Scotians who presented their concerns to the Select Committee on Trade Negotiations.

House of Assembly
Nova Scotia

PRESS RELEASE

BY

BOB LEVY, MLA KING'S SOUTH

NDP MEMBER ON SELECT COMMITTEE ON TRADE NEGOTIATIONS

Wednesday, December 30, 1987
Halifax, N.S.

The Mulroney/Regan Trade Deal is about the most important issue to face Canada and Nova Scotia in particular this century. It calls for detailed study and debate over a reasonable period of time and a vote by an informed electorate. It calls for leadership, vision and courage by our elected officials.

When it became apparent that the Select Committee was content with a rushed, superficial, and incomplete analysis together with a pro-forma set of recommendations, I had to conclude after much agonizing that I could not in good conscience sign my name to the report. I hope my contribution up to yesterday in formulating recommendations has been positive but ultimately the report falls just too far short of the mark.

I have filed a minority report with the Speaker early this afternoon. For now; however, three specific points should be made.

1. Nova Scotians and for that matter, the Select Committee simply do not have enough information on the final report which became public only weeks ago. Attempts to meet the January 2nd deadline are totally unreasonable and unfair to Nova Scotians.

Because of time pressures, the Committee did not fulfill its mandate, "to assess (the deal's) value to the general economic and specific trade goals of the province". New Democrats believe that if,this had been done the deal would be shown to be bad for Nova Scotians. Perhaps, because of this, the assessment wasn't done.

Nova Scotians have the right to an informed vote on this issue. A motion I put forward for both a delay and an election was rejected unanimously by the government majority. New Democrats

insist that on a matter such as this that only the people, properly informed, have the right to decide.

2. The overwhelming evidence before the Committee is that there will be far more jobs lost in Nova Scotia than gained from this deal. Those talking of job gains could promise at most a few here and there but mostly were unconvincing compared to the better documentation of probable losses.

Equally there was no evidence at all that consumers would benefit. At most, we heard that if there is any drop in prices it will be at the expense of Canadian jobs and offset by lower wages and benefits.

3. The deal does not achieve secure access to American markets or a satisfactory disputes settlement mechanism. The U.S. retains the total right to continue or even increase countervail action.

Particularly vulnerable are Canada's social and regional development programs. We have heard nothing particularly reasssuring on this point. Neither have we anything concrete about worker and business adjustment programs.

In short we have gained little or nothing from this deal and greatly compromised both Canada's sovereignty and a vital part of our programs.

The deal is a bad one and even though I can't really disagree with, indeed I support the Committee's recommendations, neither the report or the recommendations are good enough. At best the report is an attempt to get John Buchanan off the hook with a gutless eleventhth hour whimper.

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FOR MORE INFORMATION, CONTACT: BOB LEVY AT 424-4134

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December 30, 1987

Hon. Arthur Donahoe, Q.C.
Speaker
Nova Scotia Legislature
Halifax, N.S.

Dear Mr. Speaker:

I beg to file a minority report on behalf of myself on the Select Committee on Trade Negotiations. It is with considerable regret that I found myself unable to sign the majority report.

Respectfully,

Bob Levy, MLA
King's South